

# Staff Summary Report



Council Meeting Date:

5/20/2010

Agenda Item Number: \_\_\_\_\_

**SUBJECT:** Request approval of a one-year renewal of a contract with Medco Health Solutions for the management of pharmacy benefits for current and retired City employees and their dependents.

**DOCUMENT NAME:** 20100520fst01 PURCHASES (1004-01)

**COMMENTS:** (T08-124-01) Total cost of this contract will not exceed \$3,500,000 during the one-year contract period beginning July 1, 2010.

**PREPARED BY:** Tony Allen, Procurement Officer, 480-350-8548

**REVIEWED BY:** Michael Greene, CPM, Central Services Administrator, 480-350-8516  
Renie Broderick, Human Resources Manager, 480-350-8407  
Jon O'Connor, Deputy Human Resources Manager, 480-350-8423  
Lynna Soller, Employee Benefits Administrator, 480-350-2975

**LEGAL REVIEW BY:** Dave Park, Assistant City Attorney, 480-350-8907

**DEPARTMENT REVIEW BY:** Jerry Hart, CPA, Financial Services Manager, 480-350-8505

**FISCAL NOTE:** Sufficient funds will be appropriated in cost centers 4167, 4168 & 4169 (Health Fund) for the anticipated expenditures in the upcoming fiscal year.

**RECOMMENDATION:** Approve the renewal of the contract.

**ADDITIONAL INFO:** Background Information

The City of Tempe issued a Request for Proposal (RFP) to establish a term contract for a pharmacy benefits manager for eligible employees and their families to be managed by the Human Resources Department. The contract was issued for an initial two-year term with four one-year renewal options. This renewal request is for the first of four available renewal options.

## Contractor Performance

Medco Health Solutions performance was rated by the Human Resources Department on the following criteria:

- Personnel are responsive, cooperative and available
- Overall quality of products or services delivered
- Timeliness of performance
- Quality of follow-up in resolving complaints or problems
- Firm's promptness in submitting accurate invoices

In all categories, Medco Health Solutions received scores indicating their meeting or exceeding standards as established by the contract. It is the recommendation of the Human Resources Department that the contract be renewed.

The rates proposed by Medco offer improved pricing, however, no specific savings can be projected because of uncertainty of utilization by participants.

